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S E C R E T SECTION 01 OF 02 TEGUCIGALPA 001985

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TAGS: ECON ENRG ELAB PGOV KMCA HO
SUBJECT: HONDURAN OIL TRUCKERS' STRIKE BLOCKS NORTHERN
HIGHWAY FOR A DAY

REF: A. TEGUCIGALPA 1439
 B. SAN JOSE 2297
 C. SAN JOSE 2339

Classified By: Economic Chief Patrick Dunn; reasons 1.4 (b) and (d).

¶1. (SBU) Summary: Striking oil truckers blocked the main highway to Puerto Cortes in northern Honduras for 19 hours from the night of August 30 to the afternoon of August 31, before Honduran police cleared the road and detained two strike leaders. The strike was triggered by a contract dispute with Texaco, but also was also fueled by discontent over high fuel prices, wage demands, and complaints that firms are seeking to hire foreign truckers over Honduran firms. The Honduran authorities acted relatively quickly to end the strike and open the highway, which is the only transportation artery linking Honduras' industrial zones with its major port. End Summary.

¶2. (U) More than a thousand truckers went on strike the night of August 30, blocking heavy cargo traffic at four different key points of the country. The most significant blockade was on the toll road between San Pedro Sula and Puerto Cortes, approximately 5 kilometers south of the main entrance to the port. Striking truckers allowed private cars and small trucks to pass through, but not tractor-trailers or containerized shipping. The strike came to a peaceful end Tuesday afternoon August 31 when the National Police arrived on the scene and detained the two leaders of the strike, Erasmo Flores of the National Transportation Union of Heavy Cargo (NTUHC), and Celin Aranky of the Honduran Independent Transporters' Union (UTIH). The other striking truckers dispersed without incident or violence.

¶3. (C) Econoff met with Minister of Transportation Jorge Carranza on the margins of another meeting on August 31 and raised the matter of the strike. Minister Carranza said Texaco is the only one of the four major gasoline companies operating in Honduras (Esso, Dippsa, and Shell are the others) that does not own its tanker fleet. Instead, they have contracted with about 75 private haulers since 2001. Starting at the end of this year, they wish to move to a five-year contract, but only with trucks that are well maintained and operators that are trained and safe. Those criteria led Texaco to sign with only 45 of the current operators, while rejecting 30 more. Those 30 promptly went on strike, and demanded that the GOH force Texaco to renew their contracts as well. Carranza said he has no intention of doing so, and that furthermore the businessman in him is appalled at the demand. Carranza said that he had met with President Maduro the morning of August 31 over the issue and offered his good offices to attempt to reach an amicable resolution, but he said he would not pressure Texaco to sign for services with unsafe haulers.

¶4. (U) Press statements made August 30 by strike leader Erasmo Flores of the NTUHC support this version of the origins of the strike, explicitly stating that one goal of the strikers was to pressure Texaco-Chevron to renew the transportation contracts of the two transport companies. However, the broader appeal of the strike (which included up to 1,000 drivers) was likely due to an expanded set of striker demands. Flores called on the GOH to increase salaries for drivers, and complained of high fuel costs. Flores also alleged that Texaco's true motive in failing to renew certain transport companies' contracts was their preference to work with Salvadoran and Nicaraguan haulers. Flores complained that Salvadoran and Nicaraguan transport companies are not paying their share of the new fuel taxes. (Note: Honduras' fuel taxes, and consequently its fuel prices, are the highest in the region. If haulers from neighboring countries are fueling up in Nicaragua and El Salvador prior to making their runs to the regional Atlantic port of Puerto Cortes, then their lower fuel costs could indeed provide them with a competitive advantage. End Note.)

¶5. (SBU) EconOff spoke with President of the Honduran Manufacturers' Association, Jesus Canahuati, who expressed his satisfaction with the relatively prompt response of the

GOH authorities to this strike. (During previous strikes in June and July near Tegucigalpa, (reftel A) the GOH had allowed roads to remain blocked for longer periods of time before taking action.) The highway from San Pedro Sula to Puerto Cortes is the most economically important stretch of road in the country, as the entire maquila sector relies on Puerto Cortes for imports and exports, as do most other sectors of the Honduran economy (the major exception being agricultural products exported by Dole, which use the facility at Puerto Castilla near Trujillo). Canahuati reported that several U.S. companies were concerned about the strike, but pleased to see it dispersed peacefully and, by Honduran standards, quickly.

16. (S) Comment: It is worth noting that Costa Rica just went through a week of similar troubles over similar issues (in their case, relating to the fees charged to inspect tankers and the high failure rate of trucks -- mostly for brakes). On August 31, the GOCR caved in to protesters' demands (reftels B and C) following several days of road blockages and resultant gasoline shortages. The GOCR alleges that "foreign powers" (read Venezuela or Cuba) might have been involved in fomenting the protest. To date Post has heard nothing to suggest that this week's truckers' strike in Honduras was the work of external forces, though Post does not fully discount that possibility. More likely, however, is the possibility that Honduran truckers, at a competitive disadvantage from high fuel costs, might simply have seen that the tactic worked in Costa Rica and adopted it for themselves. End comment.

Palmer